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Weekly Contributions
Latin America Division, ORE, CIA
28 February 1950

CURRENT DEVELOPMENTS

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CENTRAL AREA: Brazil may purchase European jet aircraft (p. 3).

SOUTHERN AREA: US-Argentine economic relations may be improving (p. 3). In Bolivia, the possibility of a general strike during coming months constitutes a threat to the present government (p. 3). The growing tendency to blame US for economic difficulties may adversely affect US-Bolivian relations (p. 4).

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1. MEXICO: Government Counters Opposition Youth Movements

By launching the Instituto de la Juventud Mexicana (Institute of Mexican Youth) to inculcate democratic ideals among Mexican youth, President Alemán has countered Communist plans to establish a national youth organization next July, as well as a similar youth movement by the Sinarquistas (pro-clerical, anti-Communist, and anti-administration).

Though the Communists will endeavor to promote dissension among student and labor groups and the Sinarquistas among peasant organizations, D/IA estimates that the superior resources of the Mexican official party, PRI, in support of the government's youth movement will enable it to best the opposition. D/IA further estimates that, should these opposition youth groups become particularly active, there is more likelihood of their clashing with each other than of making any gains at the expense of the government.

2. BRITISH WEST INDIES: Economic Difficulties Weaken Ties with UK

British West Indians are becoming increasingly convinced that the UK has not provided adequate economic support, and that improved living standards can only be attained through closer commercial relations with Canada and the US. In Trinidad, public dissatisfaction was reflected in the prize-winning calypso song:

"...If they won't help us in our difficulties,
Why don't they give up the West Indies?....
I don't think I am so loyal today,
I don't mind this island being taken by the USA..."

In British Honduras, this feeling has underlain much of the current unrest (D/IA Wkly, 4 Jan 50) where "God Bless America" has become the rallying song for disaffected elements of the populace. (Anti-British sentiment became so marked that the projected visit to the colony of Princess Alice of Athlone, cousin of King George, was recently cancelled.) In the British Virgin Islands, a significant portion of the people have demanded either economic union with the US Virgin Islands or outright annexation by the US (D/IA Wkly, 28 Dec 49).

Aside from such extreme expressions of dissatisfaction, the most serious single grievance at present throughout the British West Indies is that the UK, which continues to buy a considerable amount of sugar from the dollar area, has refused to agree to buy their entire exportable surplus over a ten-year period. Although the UK had offered to buy a substantially increased amount over an eight-year period, the British West Indian representatives rejected this, thereby terminating negotiations indefinitely. The sugar-producing territories (Jamaica, Trinidad, Leeward Islands and Barbados), all of which have reduced their dollar purchases to the minimum at some sacrifice to themselves, resent the UK's failure adequately to support the commodity which, more than any other, determines the standard of living for the area.

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D/IA estimates that the individual colonies of the British West Indies will try to increase their bargaining power by working more closely together, thus accelerating the federation movement. The UK, on the other hand, may make some concessions, such as granting more dollar credits and financing more comprehensive public works programs.

3. BRAZIL: Brazil May Buy European Jet-Fighter Aircraft

Brazil will reportedly purchase De Havilland Vampire jet-fighter aircraft. Although interested in the purchase of US jet-fighters, Brazil is apparently going to make such purchases from Europe under better credit arrangements and thus save dollars. Brazil has recently bought arms from Belgium, reportedly equivalent to US\$4 million. Such large purchases of war matériel from Europe would prejudice US interest in arms standardization among the nations of this Hemisphere.

4. ARGENTINA: US-Argentine Economic Relations May be Improving

Recent developments in Argentina appear to favor improved Argentine-US economic relations, but a satisfactory solution of outstanding problems is not yet in sight.

For some time local economic pressures have appeared to be inclining Perón increasingly toward expedient but limited economic collaboration with the US (D/IA Wldies: 7 Feb and 17 Jan 50). Recent developments indicate further progress in this direction. The president of Argentina's National Economic Council, for example, has suggested that a US-Argentine Treaty of Friendship and Economic Development might assist in solving mutual problems and in attracting foreign capital. At the same time, the administration-controlled press has switched from its anti-US campaign to praise of the "ties that bind" Argentina and the US.

While such developments are encouraging, there are still many obstacles to any fundamental improvement in US-Argentine economic relations. Among these obstacles are the absence of provision for prompt liquidation of Argentine financial and commercial arrears; lack of satisfactory government assurances against expropriation of US properties; and inability under present conditions of US business in Argentina to remit earnings or obtain dollars for essential imports. Furthermore, the lengths to which Perón can go in bringing about conditions favorable to US-Argentine economic cooperation are limited by domestic political considerations, particularly by anti-US sentiment among the extreme nationalists who support him.

5. BOLIVIA: Possibility of a General Strike During Coming Months

The possibility of a general strike during the coming months is indicated by persistent reports that miners and factory workers are planning this move instigated by the MNR and PIR. General discontent throughout the country, largely because of falling tin prices, increases

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the likelihood of such a strike. Previous efforts of these two opposition parties, rightist MNR and leftist PIR, to get together have failed, and a permanent alliance of the two seems unlikely in view of their mutual antagonism. However, they might be able, as indicated by the above reports, to cooperate for a time in stirring up labor unrest. If a general strike results, it would be a serious threat to the present government, since its survival in the 1949 crisis was due chiefly to army support (now less assured) and to the inability of MNR and PIR to unite.

6. US Blamed for Economic Difficulties

The continued decline in the price of tin, resulting in further deterioration of the economic situation (D/LA Wkly, 6 Dec 49), is giving added effect to statements by Bolivian officials that the US is partially responsible and is "morally obligated" to assist the country.

The growing tendency to blame the US for Bolivia's economic difficulties will undoubtedly increase anti-US feeling, and may, barring effective countermeasures, have an adverse effect on US-Bolivian relations.

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The Current Situation in Colombia

(Summary -- Anti-government activity continues but is believed to be relatively unimportant. The economic situation continues to be good although the outlook for foreign investment is poor. The armed forces remain loyal to the present government. Communist influence is slight. Colombia's international position is substantially the same.

-- US security interests have been favorably affected by the increased stability of the Colombian government.)

Political

Subversive activity by some Liberals and certain army leaders is continuing but is believed to be confined to relatively small groups, and, barring the always possible assassination of president-elect Laureano Gómez, these groups are not believed to be capable, at present, of disrupting Colombian stability. While negotiations to gain Liberal cooperation are believed to be in progress (D/LA Wkly, 7 Feb 50), no concrete details are known.

Economic

Colombia's economic situation continues to be good. Foreign exchange receipts for 1949 exceeded expenditures by approximately US\$11 million. Exchange derived from coffee sales was US\$242 million for 1949 as compared with US\$225 million for 1948, and continued high prices are expected to increase 1950 coffee receipts to US\$300-325 million. In the 1950 national budget, receipts have been budgeted conservatively, and, if supplementary appropriations can be held to a minimum, Colombia could end 1950 with a fiscal surplus instead of the customary deficit.

The outlook for economic development through foreign investment is not bright (D/LA Wkly, 10 Jan 50). A further blow to Colombia's petroleum development is the current effort to establish the National Petroleum Corporation to take over the De Mares Concession on the expiration of Tropical Oil Co.'s contract in 1951 (D/LA Wkly, 30 Aug 49). In 1949, foreign oil interests definitively refused a proposed minority participation in any such government-controlled company. Consequently, the corporation is expected to have difficulty in finding sufficient capital. This difficulty, combined with the lack of well-trained native technicians, makes the prospects for the success of the corporation poor.

The major problem in labor circles is the question as to whether the Colombian Workers' Confederation (CTC) should break with Lombardo Toledano's Communist-tainted CTAL. A Colombian delegate to the November meeting in Moscow of the Women's International Democratic Federation (WIDF) brought back the suggestion that a break with Toledano should be made because he was considered a "Titoist" in Moscow. Nevertheless, PCC leaders reportedly

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favor continuance of the connection. Concurrently, but in ignorance of the Moscow suggestion, Liberal Party leaders are pressing for a CTC break with CTAL in order to weaken Communist influence in CTC. The Liberals feel that such a break would go far in averting government action to dissolve the CTC (D/LA Wkly, 24 Jan 50).

Military

✓ The Colombian armed forces, as a whole, have remained loyal to the government. Armed forces strength as of 30 November 1949 was 29,730. (The figure of 42,000, given in D/LA Wkly of 20 Dec 49, was based [redacted])

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[redacted] The Colombian military continue to favor US equipment and training.

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The first joint air and naval maneuvers in the history of Colombia were held at the end of January in Cartagena. The establishment of a new naval base on the island of Tierra Bomba has been announced.

Subversive

There are no significant Communist developments to report, and the Party's influence in Colombia continues to be slight. (For Communist labor activity, see "Economic" section above.)

International

Colombia's international position remained substantially the same in the two months under review, with the exception that its legation in Madrid was raised to an embassy. Colombia is expected to send a chief-of-mission to Spain within the near future. No unusual developments have occurred in the Haya case. On 3 January Colombia presented its memorial to the International Court of Justice. On 13 January the Colombian and Peruvian governments respectively appointed their ad hoc justices to the court. The Colombian government has indicated its intention to follow the US lead in the matter of relations with the new Chinese government.

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The Brazilian Presidential Campaign

Political parties have not as yet nominated candidates for the presidential elections scheduled for 3 October. Considerable political jockeying will therefore continue until candidates are chosen. Although the campaigning is expected to be intense, it is estimated even at this time that a relatively orderly and democratic election will be held and that there will be no coups either from the right or from the left.

The two major political parties (the government Partido Social Democrático and the União Democrática Nacional) are no closer to a compromise candidate than they were several months ago (D/LA Wkly, 28 Dec 49) with no indication when and if an agreement may be reached. Since neither of these parties seems to have a "natural" leader, this increases the possibility that a "non-partisan" candidate will be selected. The logical choice in such a case will be War Minister Canrobert, [] with limited political experience, but who could be expected to move slowly and cautiously in carrying out the constitutional requirements in much the same manner as General Dutra.

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The outstanding presidential prospect of the opposition has been Adhemar de Barros, colorful governor of the important state of São Paulo. The political scene, however, became more confused this month by his announcement that under no conditions would he turn the state over to vice-governor Novelli --- his arch rival. Since Barros would have to resign by 3 April in order to run for the presidency (to be eligible, a governor or cabinet minister must resign six months prior to elections), his announcement raises doubt as to his intentions. Nevertheless, propaganda favoring his candidacy continues and he has already spent considerable money and time in "campaigning" with further large sums available. There is a possibility that he has made some deal with Vargas for a mutually supported candidate, in which case Barros would work toward the presidency five years hence. In any event, Barros remains an important political figure who is certain to be a factor in the coming elections.

The other outstanding presidential possibility is the national figure, Senator Getúlio Vargas (dictator from 1930 to 1945), who has been playing the "political game" cautiously. Although he has been sought out by Barros as well as by leaders of the other major political parties, Vargas still has not committed himself to any candidate or party. It seems more likely that he will not run but will, when he so desires, lend his support to that candidate who will be most useful to him.

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As in previous elections, personalities, regional rivalries, and nationalism will be the predominant "issues", but there will also be increased emphasis on social and economic matters. The principal issue of interest to the US will be the question of foreign capital participation in the development of Brazilian natural resources, particularly petroleum. None of the prospective candidates has openly taken a stand on such participation which is hotly opposed by the extreme nationalists, headed by ex-president Bernardes, as well as by the Communists and their sympathizers. Barros has privately stated that he would favor US capital investments in the development of Brazilian petroleum, but he has not used this as a "campaign" issue. Canrobert's attitude is not known, although many army officials are opposed to such US or foreign investments. Vargas is known to favor "Brazil for the Brazilians" and would probably openly oppose the entry of US or other foreign capital.

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